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Testimony to the:

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Provided by:

Daniel Bustamante, Executive Director
Greater Houston Fair Housing Center
P.O. Box 292, 1900 Kane, Room 111
Houston, Texas 77001-0292.
(713) 641.324, bustatx@swbell.net

Good Morning to the Honorable Members of Congress, the Committee on Financial Services, and the Subcommittee on Housing and Community Opportunity. My name is Daniel Bustamante and I am the Executive Director of the Greater Houston Fair Housing Center. Thank you for the opportunity to testify before you today regarding the state of fair housing in Houston, Texas.

The Greater Houston Fair Housing Center is a Qualified Fair Housing Organization (QFHO) and a Traditional Civil Rights Organization (TCRO) that has been providing fair housing enforcement services under the Federal Fair Housing Act since 1999 to protected class members: race; color; religion; sex; national origin; familial status; and disability.

The GHFHC was set up as a new organization with FHIP PEI FY1999 funding as a sub grantee of the National Fair Housing Alliance (NFHA). The agency received a FHIP PEI grant in FY2001 and in FY2003. The GHFHC is currently executing a FY 2006 FHIP PEI grant. The GHFHC was not funded for FY2007. There is no other fair housing enforcement agency in the area.

Housing discrimination still exists in the City of Houston. It is a daily occurrence in the lives of thousands of families with children, Blacks, disabled individuals, Latinos, and other protected class members. Since the passage of the Federal Fair Housing Act in 1968 and its amendment in 1988, the issue of housing discrimination has continued to be prominent in the development of the City of Houston. Studies and surveys have consistently shown that housing discrimination against African Americans and Hispanics continues unabated in our region. The influx of Hurricane Katrina evacuees in 2005 exacerbated the historical housing discrimination problem and has been documented through testing. The area's demographics include an ever growing immigrant population with limited English proficiency that is daily victimized by unscrupulous housing providers. The disabled in our region are in constant need of fair housing enforcement services such as reasonable accommodations and modifications to insure their rights to barrier free living.

Houston is the largest city in the South as well as the fourth largest in the country. The use of racially restrictive covenants to maintain segregated communities is not very far removed. The 1968 Civil Rights Act through the Fair Housing Act made discriminatory housing practices illegal and created the protected classes of race, color, religion, and national origin. In 1974, sex was added to the protected classes. The Fair Housing Amendment Act of 1988 added disability and familial status to the protected classes. In spite of these laws, housing discrimination has continued throughout America and still occurs on a daily basis in the greater Houston area.

The passage of fair housing laws provided the vehicle for correcting illegal activities. In order to address this discrimination and prevent future discrimination, enforcement actions are

necessary to insure that violations of fair housing laws are dealt with appropriately according to federal law.

In general, people move into better housing situations so that they may improve their quality of life. The ability to access quality housing will impact access to quality education, employment opportunities, retail establishments, parks, and other public services. Most people are totally unaware of their fair housing rights. Discriminatory practices in housing can be quite subtle and are unlikely to be detected by victims.

The U.S. Census clearly shows segregation and the changing patterns in the ethnic and racial composition of greater Houston's neighborhoods. Over the last thirty years, the primarily white communities have developed in areas towards the outskirts of the City of Houston and in the surrounding counties. In recent years, many of the historically minority low-rent communities in the inner city have been redeveloped into high-rent mostly white communities.

The metropolitan Houston area includes a large region with multiple counties. People drive from home to work and travel from surrounding counties to the city. Our testing and investigation has shown that the ability of protected classes to move into housing in these mostly white areas is not easy and is hindered by discriminatory practices. The percentage of Hispanics, African Americans, and Asian Americans decreases among the counties surrounding Houston and the white population percentage increases as you get away from the city.

In a report released in April 2001 by the Civil Rights Project of Harvard University entitled "Housing Segregation: Causes, Effects, Possible Cures", author Gary Orfield discusses the fact that housing discrimination is very prevalent in America. Despite the passage of federal

fair housing laws and the widespread belief among whites that there is equal opportunity in housing, the enforcement effort is very minimal. He discusses the white flight to suburbia and the re-segregation of American cities. (www.civilrightsproject.harvard.edu/) The Houston Chronicle in an article by Lori Rodriguez on April 15, 2001 describes the same white flight in the greater Houston area. (www.chron.com)

The white population has maintained a large majority in the outermost suburbs since the 1990 census as documented by the 2000 census. The demographics of our agency's service area indicate a historical pattern of segregation. The 2005 estimate for the City of Houston is 42% Hispanic, 24% African American, 6% Asian American, and 27% White. The combined Houston/Harris County population is: 33% Hispanic; 18% African American; 5% Asian American; 42% White. In the counties surrounding Houston, the combined population is 18% Hispanic, 13% African American, 4% Asian American, and 64% White. Almost 1/3 of the Houston area residents are foreign born or are the children of persons born abroad. Nearly 75% of Houston's growth since 1990 has been among Hispanics or Asians. (www.census.gov)

The 2007 Fair Housing Trends Report by the National Fair Housing Alliance indicates that the incidence of discrimination against African Americans, Latinos, Asian Americans, and American Indians in rental and sales markets alone is estimated at 3.7 million violations per year. This a conservative estimate as it does not reflect disability, familial status, religion, sex, or other national origins. In 2006, the number of complaints filed with all public and private agencies was less than 1% of the estimated violations. (www.nationalfairhousing.org)

The latest national study commissioned by HUD in 2000, “Discrimination in Metropolitan Housing Markets: Phase I”, found that discrimination was still existing at unacceptable levels since the previous 1989 study. In the year 2000, Hispanics were more likely to experience discrimination than African Americans in their search for housing. In the year 2000, Hispanics renters were more likely to be quoted a higher rent than a white counterpart for the same unit and more so than in the 1989 study. Hispanics were less likely to receive help in finding mortgage financing from real estate agents than non-Hispanic whites. African Americans were found to be more often “steered” to minority neighborhoods as compared to whites.

The national study’s figures for African Americans and Hispanics in Houston show that discrimination still exists in both rental and sales. For African Americans, there was consistent adverse treatment against blacks 19% of the time in rentals. In the area of sales, there was consistent adverse treatment 24% of the time against blacks. For Hispanics, there was consistent adverse treatment 19% of the time in rentals. In the area of sales, there was consistent adverse treatment against Hispanics 27% of the time in sales.

In 1989, the National Discrimination Study conducted by the Urban Institute found that on a national level African Americans were discriminated against in their housing searches at a rate of 56% and Hispanics were discriminated against in 50% of their attempts. (www.huduser.org/publications/hsgfin/hds.html)

In Houston, 55% of the housing units are rentals and 45% are owner occupied according to the 2005 U.S. Census American Community Survey. A majority of the rental units are minority occupied. (www.census.gov/acs/www/)

In March 2001, the Greater Houston Fair Housing Center released a Rental Audit of the City of Houston that looked at three protected classes, race, national origin, and familial status. The audit found that 85% of families with children, 80% of African Americans, and 65% of Hispanics experienced disparate treatment when they sought to rent. (www.nationafairhousing.org)

In 2004/5, a housing survey conducted by University of Houston Professor Ritalinda DeAndrea among lower income persons who were housed or homeless showed that one third of respondents experienced denial of access to a house, apartment, or section 8 housing, and received differential treatment. The study found that 25% were “steered” or directed away from accessing housing.

(www.houstontx.org)

The 2005 American Community Service found that there were 1,820,951 households in the area. Of these, 38% or 691,961 were households composed of families with children under 18. (www.census.gov/acs/www/)

The 2005 American Community Survey for the Houston PMSA found that there were 570,513 disabilities in the area or 12% of persons age 5 and over. This is a substantial increase from the 2000 U.S. Census that had 507,235 persons age 5 and over with disabilities living in the area. (www.census.gov/acs/www/)

The disabled in the Houston area are in critical need of fair housing enforcement services. (www.census.gov/acs/www/) The need for reasonable accommodations and modifications are among the many problem areas for the disabled. Housing providers, both private and public, refuse on a routine basis to provide the federally guaranteed right to a reasonable accommodation or modification by a disabled person. There is a critical need for fair housing

enforcement services to the disabled community as many housing providers make no effort to comply with the Federal Fair Housing Act.

The region is experiencing a tremendous growth and the number of protected class members moving into the area is increasing at a very rapid rate. Houston's growth is diverse and the immigrant communities represents about one third of the city.

Over 29% of the city is foreign born. The fastest growing population has been the Hispanic immigrant population. This population, like the Asian, African, European, and other immigrants with limited English proficiency, are mistreated on a daily basis in their housing searches. In Houston 47% of the population over 5 years of age speak a language other than English at home. The lack of access to housing of their choice severely limits the ability of children to receive quality education and forces parents into limited employment opportunities. The need for Spanish language fair housing services in the region is critical. (www.census.gov/acs/www/)

In an article on Houston immigration, University of Houston Sociology Professor Nestor Rodriguez states, "The very presence of new immigrant populations means the existence of new social and cultural boundaries". (www.uh.edu/cir/) The 2000 census identified more than 750,000 foreign born immigrants in the Houston area. This number had grown to 1,113,875 by 2005. (www.census.gov/acs/www/) This underserved Houston population of mostly non-English speakers faces multiple housing discrimination practices. 47% of the population speaks a language other than English at home. The largest and fastest growing immigrant group is Spanish speaking. (www.census.gov/acs/www/) The lack of English skills creates countless opportunities for fair housing violations of all types. Our project provides comprehensive services in Spanish as well as English. The need to reach new immigrant

populations is critical. Translations of information to all communities can only further fair housing awareness and enforcement. The Greater Houston Fair Housing Center strives to reach all the very diverse communities of the Houston metropolitan area.

Families with children represent a significant part of the tremendous growth. Single parent and two parent homes with several children are very common in the city's housing. Many families are denied their fair housing rights when they seek to improve housing. Children are constantly made to suffer by policies that tolerate disparate treatment. Landlords frequently take advantage of families with children through discriminatory fines and policies.

Low income Houstonians are relegated to the worst housing available in our city. Families are struggling to work two or three jobs in order to pay rent, feed their children, provide clothing, and minimal basic health care. Affordable housing is not a reality for low income people in our community. Most housing developments are totally out of reach to low income families. The dream of home ownership continues to be just a dream for most working people. The more new housing development that comes into the city, the more low income people are being forced into inferior housing and all the social ills that come with it. Most low income people are minorities. The cycle of poverty continues to impact families, schools, law enforcement, and the social service system.

The fair housing needs of Hurricane Katrina evacuees are critical. They have been denied housing in many areas of our community because of their race. The charging of higher deposits and rents has been among the most common complaints.

The City's Department of Planning and Development estimated the number of Katrina evacuees in Houston in February 2007 at 33,724 households, about 100,000 evacuees. There were 39,333 Katrina households in October 2005. Surveys of the evacuee federal housing

recipients which number about 12,000 households show that most are poor, with limited education and job skills. A survey in February by Zogby International showed that 38 percent of those receiving housing aid were employed, and 58 percent were looking for a job. These statistics demonstrate the evacuee population's extreme vulnerability to the historical discrimination in our city.

In this era of predatory lending, the tremendous loss of homes by Americans due to inferior loan products is particularly bad for minorities. Poor credit and low-incomes make minorities prime targets for predatory lenders. The "American Dream" of owning a home is becoming a nightmare for many families. Fair lending is critical to insure that all people are treated equal as required by the Federal Fair Housing Act.

The Federal Financial Institutions Examinations Council (FFIEC) gathers data on home mortgage activity from the federal agencies that regulate the home mortgage industry through the Home Mortgage Disclosure Act (HMDA). The data contains variables that facilitate the analysis of mortgage lending activities like: race, income, census tract, loan type, and loan purpose.

The 2003 HMDA data for the Houston metropolitan area demonstrates significant disparities in the loan process for minorities. In all categories of conventional loans and government backed loans, Whites are disproportionately represented. Whites submitted more applications, Whites had the lowest denial rates, Whites had the highest origination rates, and Whites had the highest refinance rates.

The summary from the HMDA data is as follows: the number of FHA, FSA/RHS, and VA home purchase loan applications received for Whites is twice as high as Blacks and over 40% higher than Hispanics; the FHA, FSA/RHS, and VA home purchase loan application

origination rate was 76% for Whites, 64% for Blacks, and 67% for Hispanics; the denial rate for FHS, FSA/RHS, and VA loans was 9% for Whites, 19% for Blacks and 14% for Hispanics; Blacks were denied twice as much as Whites and Hispanic over 50% as much as Whites; the number of conventional home loan applications received was 58,107 for Whites, 16,729 for Blacks, and 26,693 for Hispanics. Whites had 41,378 or 347% more applications than Blacks and 31,414 or 218% more applications than Hispanics; the conventional home purchase loan origination rate for Whites was 70%, Blacks were 44%, and Hispanics were 57%. Whites had 40,675 originated applications compared to 7,361 for Blacks, and 15,214 for Hispanics. Whites have a tremendous advantage in the acquisition of homes over Blacks and Hispanics: the denial rate for conventional home purchase loans was 11% for Whites, 24% for Blacks and 19% for Hispanics. Blacks were denied over twice as much as Whites and Hispanics were denied 73% more than Whites; the number of applications for refinancing a mortgage was 136,533 for Whites, 27,625 for Blacks, and 39,117 for Hispanics. Whites submitted 500% more applications than Blacks and 350% more than Hispanics; the origination rate for applications to refinance a mortgage was 60% for Whites, 39% for Blacks, and 45% for Hispanics. Given the high numbers of White applications for loans to refinance, Blacks and Hispanics are at a clear disadvantage. There were 81,920 originated applications for Whites, compared to 10,774 originated applications for Blacks, and 17,603 originated applications for Hispanics. There were 755% more White mortgage refinance originations than Black, and 465% more White originations than Hispanic; the denial rate for applications to refinance was 37% for Blacks, 35% for Hispanics, and 21% for Whites. (www.ffiec.gov/hmda)

The City of Houston has historically not kept up with civil rights in housing. It is well known as a real estate development boom town with no zoning. Segregation was official ended in 1968 but its vestiges still abound.

The City of Houston does not have a fair housing enforcement program and has a limited fair housing education program in its Housing and Community Development Department. There is no avenue for enforcement of fair housing complaints through the City. It refers fair housing enforcement complaints to the Greater Houston Fair Housing Center and to HUD.

The Greater Houston Fair Housing Center has historically received complaints of disparate treatment from residents of the City's public housing and from recipients or applicants of housing services. Many of these complaints come from disabled individuals who are seeking reasonable accommodations guaranteed by the Federal Fair Housing Act. Other complaints come from families with children alleging harassment from employees and from people that are attempting to access housing benefits.

Under federal law, when the City receives a federal grant such as CDBG it insures that "the grant will be conducted and administered in conformity with the Civil Rights Act of 1964 (42USCA§2000a) and the Fair Housing Act (42USCA§3601) and the grantee will affirmatively further fair housing." Id. §5304(b) (2). This means that the jurisdiction should be pro active in fighting housing discrimination.

The City of Houston's 2005 Consolidated Plan provided an "Analysis of Impediments to Fair Housing" for the first time. This required federal document that identifies barriers to fair housing was not part of the Consolidated Plan until 2005. Historically hundreds of millions of dollars in federal grants have been given to the City with out any real effort on its part to "affirmatively further fair housing" as required by the Federal law.

The 2005 “Analysis of Impediments to Fair Housing” identified the need to pass a substantially equivalent (to federal law) fair housing ordinance and to support fair housing efforts. As Executive Director of the Greater Houston Fair Housing Center, I acted as a consultant to the city in its preparation of the 2005 Analysis of Impediments to Fair Housing. (www.houstontx.gov/housing/index.html)

The City of Houston passed a Fair Housing Ordinance prohibiting housing discrimination in 2006 for the first time after requests by the Greater Houston Fair Housing Center and other advocacy groups. The City had not altered the previous housing ordinance since the 1970’s and it did not mention all the current protected classes.

The City of Houston is currently going through the multiyear process of having the Fair Housing Ordinance become substantially equivalent to the Federal Fair Housing Act. If it does become substantially equivalent, the City would become eligible to apply for federal fair housing funding to establish a Fair Housing Administrative Program (FHAP) to enforce fair housing laws.

The City should establish a Fair Housing Administrative Program (FHAP) to enforce fair housing violations like the Cities of Austin and Corpus Christi, Texas. The FHAP should be independent and not part of the City’s Housing and Community Development Department or any other department.

The City should fund fair housing enforcement efforts by Qualified Fair Housing Organizations through its CDBG funds.

The City should fund fair housing education and training efforts through its CDBG funds.

The City should require that all staff involved in the provision of housing related services be trained in federal fair housing requirements.

The Housing Fairness Act of 2007, H.R. 2926 introduced by Congressman Al Green and his distinguished colleagues in the House would significantly impact the fair housing situation in Houston, Texas.

The Act proposes to implement a nationwide program of testing to detect and document differences in the treatment of people when they seek housing related services. It would measure the prevalence of such incidents and allow for corrective enforcement action to take place. The Act provides for 20 million dollars nationally for such testing.

The proposed Act calls for increase in the Fair Housing Initiatives Program to an amount of 52 million dollars annually for qualified private nonprofit fair housing organizations. This is a significant commitment to fight housing discrimination,

The proposed Act also calls for 5 million dollars annually to study the cause and effects of housing discrimination and to create pilot projects to deal with discrimination.

Federal funding is critical to fair housing in Houston. The City of Houston, Harris County, and the State of Texas do not fund fair housing enforcement efforts. The only source of public funds for fair housing enforcement has been the federal government. The extremely limited federal fair housing funding for Houston has been sporadic and unpredictable.

The current system of federal fair housing funding has been inconsistent for Houston's fair housing organizations. It has met the needs of the community. The proposed Act should consider some sort of entitlement by state population in the distribution of the proposed funds. States like Texas and communities like Houston with a high number of protected class members have not fared well historically in the current funding system.

Thank you again for allowing the Greater Houston Fair Housing Center to provide input to this committee.

